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**USSR: Resolution on Foreign Policy**

*Central Committee Secretary and Politburo candidate member Ponomarev yesterday presented a resolution of the Supreme Soviet endorsing positions taken by General Secretary Andropov in his pronouncements of 28 September and 24 November but offering no new foreign policy initiatives.* [ ]

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When Ponomarev introduced the resolution, he claimed that it reflected the "anxiety" expressed in earlier speeches by Supreme Soviet deputies over the increase in international tension, which he blamed on the "aggressive course" of the US and NATO. He condemned the deployment of INF missiles in Western Europe, as well as US policy in various Third World countries. [ ]

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On the other hand, Ponomarev repeated the standard formulation that, if NATO countries show a willingness to return to the situation that existed before the beginning of INF deployment, the USSR will do likewise. He also repeated standing Soviet and Warsaw Pact proposals for a nonaggression treaty between the two alliances, called on other countries to follow the USSR's example by renouncing the first use of nuclear weapons, and cited the need to prevent an arms race in space. [ ]

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**Comment:** Soviet spokesmen have been emphasizing the dangers of the international situation, and they could have used the Central Committee plenum and the Supreme Soviet session to continue focusing attention on this subject. Ponomarev's speech, however, was the only one on this topic publicized in either meeting. [ ]

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This treatment suggests that, as Defense Minister Ustinov's speech indicated two weeks ago, the leadership is concerned that its earlier rhetoric may have gone too far in heightening public anxiety over the international situation. It also suggests that Moscow is not ready to offer any significant new foreign policy or arms control initiatives. The next likely occasion for such initiatives is the Conference on Disarmament in Europe, which begins in Stockholm next month. [ ]

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**FRANCE-USSR-MIDDLE EAST: Diplomatic Discussions**

*The French apparently have again failed to elicit greater Soviet cooperation in the Middle East.* [ ]

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Last week, in discussions between senior Foreign Ministry officials of the two countries, the French probed for Soviet reactions to a revival of the French-Egyptian initiative on the Middle East and the possibility of an expanded UN peacekeeping role in Beirut. A French diplomat has told the US Embassy in Moscow that the Soviets are "interested but noncommittal." [ ]

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US defense attache reporting indicates that Paris is considering reassigning about one-fourth of its 2,000-man contingent with the Multinational Force in Lebanon to the UN peacekeeping forces. The Socialist daily *Le Matin* reported last week that a "progressive withdrawal" of French troops is scheduled. It explained that French officials will try to persuade the USSR that it should not oppose sending a UN force to Beirut. [ ]

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**Comment:** Moscow's reaction is not likely to cause Paris to stop seeking Soviet support for planned initiatives. President Mitterrand probably is concerned that election politics may lead the US to withdraw from the Multinational Force, and he may use his forthcoming presidency of the EC to try to organize European support for a new initiative on Lebanon and the Middle East. France probably also views Egypt's impending membership on the UN Security Council as an opportunity to revive and recast their joint resolution. [ ]

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Paris remains committed for now to the Multinational Force, but Mitterrand publicly asserts that prospects for peace will be improved by transferring peacekeeping in Beirut to a strengthened UN force. Lack of noticeable progress toward peace among Lebanon's factions could encourage the French to begin transferring a portion of their Multinational Force contingent to the UN force in southern Lebanon. They may want eventually to merge this force and the entire Multinational Force in Beirut into a UN peacekeeping force. [ ]

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**SURINAME: Impasse in Labor Crisis**

*Negotiations between government officials and striking bauxite workers are deadlocked, and the continuing crisis could have repercussions for Prime Minister Alibux's party.*

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The US Embassy reports that the government has suspended talks on grievances until the strikers restore electric power to the capital and return to work. Representatives of the bauxite workers have refused to do so, however, until the regime begins to address their largely economic demands. In addition, employees of a Dutch-owned bank who conducted work stoppages last Friday in sympathy with the bauxite workers reportedly have issued a statement calling for elections and freedom of the press.

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Paramaribo is tense, according to the Embassy. Many Surinamers reportedly believe that Army Commander Bouterse's concern about possible foreign intervention is the only thing that has deterred him up to now from using military force to restore order, and they fear he may do so once he fully realizes the political and economic consequences of the strike.

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**Comment:** Bouterse still appears to be biding his time, and the deadlock could continue through the weekend. If the political demands of the bank workers spread to the striking bauxite workers and cause further social unrest, however, Bouterse will act decisively.

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**HUNGARY: Slow Progress With Stabilization**

*Hungary's stabilization program for 1984, which is awaiting final IMF endorsement, appears weak and is not likely to avert debt servicing problems.* [ ]

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The program negotiated between Budapest and the IMF calls for only a minimal slowdown in the economy from roughly 1 percent growth in 1983 to no growth next year. The main burden of adjustment for the fifth consecutive year will fall on investment, which is to decline by 8 percent, while real disposable income is to fall only 1 percent. [ ]

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Hungary's failure to meet similar targets this year is largely attributed to the buoyant private economy and excessive credit expansion. The leadership plans to rely on more restrictive credit policies, tougher restraints on wages, and reductions in subsidies. It promises to begin a more comprehensive structural reform program later in 1984. [ ]

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The IMF estimates that the program should yield a current account surplus of \$400 million, up slightly from the \$300 million surplus for this year. Budapest anticipates borrowing at least \$1.1 billion—including \$450 million from the IMF—to cover the remainder of its debt repayments of \$1.5 billion. The IMF warns, however, that continued failure to control domestic demand could add to its balance-of-payments problem. [ ]

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**Comment:** The regime probably will cut corners in carrying out some of the toughest measures of the program, jeopardizing achievement of balance-of-payments targets. The leadership fears public discontent, and it remains reluctant to restrict consumption. The regime still resists reining in the expanding private sector, which has won Hungary a liberal reputation in the West and which provides a supplement for the official economy. [ ]

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Hungary may have problems securing the credit it needs. [ ]

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[ ] The crucial test may come when Hungary tries to obtain a \$250 million syndicated loan in early 1984. [ ]

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**USSR: Economic Plan for 1984**

The economic goals for 1984 announced to the Supreme Soviet on Wednesday indicate that Moscow believes it can sustain the economic growth of 1983 without making significant changes in the economy. Emphasis is being placed on expanding the economy's productive capacity, mainly through investment in the food program and energy sectors. Both Planning Chief Baybakov and Finance Minister Garbuzov stressed in their speeches the need to conserve industrial materials, energy, and labor resources. [ ]

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**Comment:** The targets suggest that capital investment will be given higher priority next year but that there will be no major changes in resource allocation. Energy is to continue to receive a growing share of investment. Despite calls in General Secretary Andropov's statement—which was read to the Central Committee Plenary session on Monday—and in the speeches at the Supreme Soviet session that living standards be improved, Baybakov made clear that gains in consumer goods production will have to come through greater efficiency. This implies that few additional resources will be allocated to consumption. [ ]

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**ISRAEL: Opposition to Proposed Budget**

Public threats to leave the coalition by most of the small parties making up Prime Minister Shamir's parliamentary majority are designed to strengthen their bargaining position during the wrangling over the budget that will continue for the next few weeks. The small parties are objecting to the austerity budget that Finance Minister Cohen-Orgad is to present to the Cabinet today. According to press reports, their opposition centers on proposals to freeze settlement activities and to eliminate free high school education. Strikes and work slowdowns have increased recently, and more are planned to demonstrate worker opposition to the erosion of real wages by record price increases and to Cohen-Orgad's call for a 12-percent cut in real wages in 1984. [ ]

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**Comment:** Shamir probably wants Cabinet approval for an austere budget, but he has only a four-vote margin in the Knesset. If he believes that some of his partners would bolt the coalition, he is likely to acquiesce in modifying Cohen-Orgad's budget. [ ]

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**USSR-PLO: Reaction to Arafat's Departure**

The Soviets' positive treatment of the move of PLO leader Arafat from Lebanon suggests Moscow believes he may retain his position in the PLO. A Soviet TV commentary on Sunday termed Arafat's departure from Tripoli a "loss" for the Arabs and implied that he displayed great skill in arranging the evacuation of his supporters. The commentary indirectly suggested Arafat might continue leading the PLO. Soviet media remarks also claimed Arafat's recent meeting with Egyptian President Mubarak did not indicate that the PLO was receptive to the US-sponsored Camp David approach to Middle East peace. [ ]

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**Comment:** Moscow may be more willing to provide Arafat discreet backing now that his confrontation with Syrian-backed rivals in Lebanon has ended. The Soviets probably welcome the boost to Arafat's leadership provided by his meeting with Mubarak. They will be concerned, however, about any Egyptian effort to encourage his participation in US-sponsored peace talks. [ ]

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**USSR-WEST GERMANY: Visit by Politburo Member Planned**

The West German Ambassador in Moscow reports that Soviet Politburo member Romanov will visit West Germany early next month to attend a meeting of the German Communist Party. Romanov, who will be accompanied by Central Committee International Department official Zagladin and eight or nine other officials, has no known plans to meet with members of the West German Government. [ ]

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**Comment:** If the meeting is a party congress, Politburo-level representation would be appropriate. Romanov's attendance will be used to reemphasize Moscow's interest in the party's role in the peace movement and in encouraging opposition to INF. The trip also will improve Romanov's foreign policy credentials, particularly in relation to fellow Politburo member Gorbachev, who attended the congress of the Portuguese Communist Party earlier this month. Romanov may try to meet with some government officials, primarily to reassure them that the USSR continues to want good bilateral relations and that it remains committed to arms control. [ ]

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**SOUTH AFRICA-ANGOLA: Airstrike on SWAPO Headquarters**

The chief of the South African defense force says that South African aircraft yesterday attacked the main SWAPO headquarters near Lubango. He also confirmed that South Africa earlier had attacked air defense sites at Cahama with artillery and aircraft strikes after an SA-9 missile had been fired at an Impala reconnaissance aircraft.

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**Comment:** This is the first South African raid on the Lubango area since 1979, and it occurred despite the strengthening of Angolan air defenses during the past year. The aggressiveness of the current operation against SWAPO and the willingness to attack air defense sites indicate that South Africa is now less restrained in hitting targets that could lead to clashes with Angolan and Cuban forces.

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**SOUTH AFRICA: Government's Financial Problems**

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**Comment:** The South Africans have had difficulty controlling spending this year, partly because of the costs of military operations in Namibia and drought relief. Revenue has been below expectations as a result of recession and low gold prices since September. Pretoria has accepted the recession as the price of reducing the rate of inflation, which still is nearly 11 percent. Economic conditions are unlikely to improve much until late 1984.

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**JORDAN-SPAIN: Attack on Jordanian Officials**

The radical Palestinian Black June organization probably was responsible for the attack yesterday on two Jordanian officials in Madrid, which resulted in the death of one of them. For the past few months the Damascus-based group has been carrying out attacks on Jordanian officials abroad. Black June leader Abu Nidal threatened the Jordanian Government earlier this month with renewed terrorism if imprisoned members of his group were not released.

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**Comment:** The attacks also may be designed to discourage King Hussein from reinitiating a dialogue with PLO chief Arafat.

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**NICARAGUA-HONDURAS: Possible Exodus of Indians**

Nicaraguan Defense Minister Ortega stated in a speech on Tuesday, following the widely publicized flight last week of more than 1,000 Miskito Indians to Honduras, that the government is considering allowing all remaining Miskitos to depart the country if they want. He suggests that the UN High Commissioner for Refugees visit eastern Nicaragua to determine who wants to leave. Some 15,000 Miskito and Sumo Indians have fled during the past two years. Approximately 40,000 remain in Nicaragua. [REDACTED]

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**Comment:** Managua's recent amnesty program has proved ineffectual thus far in reducing Miskito opposition to the government. The Sandinistas probably are indicating that the Miskitos may be allowed to leave in order to minimize the propaganda damage caused by the exodus last week. If the Sandinistas follow Cuba's example, they may also view mass emigration as a means of reducing internal discontent. They also may hope to intimidate Honduran leaders, since the Government of Honduras and relief agencies would have difficulty handling a large influx of refugees. [REDACTED]

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**TAIWAN: Efforts To Disrupt Sino-US Ties**

The Kuomintang is taking a hands-off approach to efforts by opponents in Taiwan to participate in demonstrations against Chinese Premier Zhao during his visit to the US next month. The Foreign Ministry advised the US this week that several ethnic Taiwanese politicians who oppose control of the island by either the Kuomintang or China have left for the US to participate in the rallies. [REDACTED]

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**Comment:** Although Taipei has cut back on its efforts to undermine Sino-US relations, it may believe that these activities will further that aim. It has taken no steps to block the travel of the opposition politicians. None of the ethnic Taiwanese coming to the US advocates the use of violence. [REDACTED]

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## **Special Analysis**

### **USSR-AFGHANISTAN: Short-Term Military Outlook**

*The winter campaign in Afghanistan is beginning, and the insurgents appear more effective than at any time since the Soviet invasion in 1979. Guerrilla attacks are disrupting Soviet and Afghan Government military operations.*

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Since the invasion, an estimated 17,000 Soviets have been killed or wounded in Afghanistan. In addition, the Soviets and Afghans have lost an estimated 350 to 400 aircraft in combat.

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Serious manpower problems continue to impair the effectiveness of the Afghan armed forces. In the foreseeable future, the Afghans will be able to provide the Soviets with only limited assistance in combating the insurgency.

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The insurgents appear to be better armed this year than in 1982, and the US Embassy reports that they are more frequently attacking targets in the Kabul area with mortars and rockets. Recent Soviet attacks north of the capital have resulted in better cooperation among the region's rival resistance groups and an influx of insurgents from other areas.

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Since early this year, the regime's control of most major cities has deteriorated. The insurgents also have achieved some successes against Soviet and Afghan forces in areas near the border with Pakistan. [REDACTED]

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### **The Winter Campaign**

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Despite bad weather, the Soviets probably will remain active around Kabul and other cities where they expect insurgent attacks. They captured considerable quantities of arms and ammunition in recent operations north of Kabul but apparently did not seriously disrupt the local resistance. [REDACTED]

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In the Herat area, Soviet military activity is likely to continue to increase. The Soviets also may undertake an operation to relieve guerrilla pressure on garrisons in Paktia and Paktika Provinces. [REDACTED]

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The cease-fire that has prevailed in the strategic Panjsher Valley since last winter has not demoralized the resistance, and the guerrillas have continued attacks against Soviet and Afghan forces outside the valley. [REDACTED]

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Although the Soviets probably will wait until spring to launch attacks in the Panjsher Valley, they may decide to ignore winter conditions and invade or bomb the valley to punish the insurgents for violating the truce. A new operation would be likely to be as ineffective as past attempts to destroy the resistance in the valley. Moreover, it would not substantially reduce the insurgency in other areas. [REDACTED]

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The Soviets probably will continue their recent increased efforts to limit insurgent activity through negotiations with guerrilla leaders. Such truces, however, are likely to be few and temporary. According to the Embassy, Soviet reprisals against civilians for guerrilla attacks have failed to undermine support for the resistance in rural areas. [REDACTED]

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